

Message Text

CONFIDENTIAL

PAGE 01 STATE 162191

46

ORIGIN EA-10

INFO OCT-01 ISO-00 EB-07 AGR-05 L-03 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 INRE-00 SS-15 NSC-05 NSCE-00 /068 R

DRAFTED BY EA/ROC:KJWEAVER:ARCK

APPROVED BY EA:LEEDMOND

USDA - K. STEPHENS

EB/FTD - W. MIMS

----- 000540

O R 101743Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI IMMEDIATE

INFO AMEMBASSY SEOUL

AMEMBASSY BANGKOK

AMEMBASSY MANILA

C O N F I D E N T I A L STATE 162191

E.O. 11652:GDS

TAGS: ETRD, TW

SUBJECT: COTTON CONTRACT PROBLEM

REFERENCE: (A) TAIPEI 3810

(B) STATE 152265

(C) STATE 160193

(D) TAIPEI 4115

1. ON JULY 9, REPRESENTATIVES OF THE AMERICAN COTTON SHIPPERS' ASSOCIATION (ACSA), LED BY CURRENT ACSA PRESIDENT RUDI SCHEIDT, CALLED ON DEPUTY ASSISTANT SECRETARY EDMOND TO EXPRESS THEIR CONCERN ABOUT TAIWAN'S LACK OF PROGRESS IN OPENING LETTERS OF CREDIT (L/C'S) FOR PAST DUE CONTRACTED COTTON. THE ACSA REPS LABELED THE SITUATION SERIOUS AND CONTRASTED THE POOR PERFORMANCE OF MILLS IN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 162191

TAIWAN WITH THOSE IN KOREA AND THE PHILIPPINES WHICH HAVE

OPENED L/C'S FOR 80-90 PERCENT OF PERIOD 1 SHIPMENTS. THEY RESTATED THEIR POSITION THAT OVERDUE CONTRACTS MUST BE HONORED EXPEDITIOUSLY IN ACCORDANCE WITH THE ASSURANCES GIVEN BY THE GROC IN MARCH OF THIS YEAR.

2. WE ARE DISTRESSED BY THE GROC'S INABILITY TO ENFORCE THE COMMITMENTS MADE TO US AS A PRE-REQUISITE FOR EXTENSION OF 25 MILLION DOLS. CCC CREDIT. ACCORDING TO USDA, CCC

FINANCING HAS BEEN APPROVED FOR ALMOST ALL PERIOD 1 SHIPMENTS YET L/C'S HAVE BEEN OPENED FOR ONLY 12 PERCENT BY TAIWAN MILLS. MOREOVER, WE REGARD THE DIFFICULTIES EXPERIENCED BY THE BOARD OF FOREIGN TRADE (BOFT) IN REACHING A PROCEDURAL AGREEMENT WITH THE MILLS (REFTEL D) AS AN INTERNAL GROC PROBLEM. OUR SOLE INTEREST IS IN THE EXPEDITIOUS OPENING OF L/C'S FOR OVERDUE SHIPMENTS.

3. IN THIS CONNECTION, IT APPEARS THAT THE BOFT HAS BY NO MEANS EXHAUSTED ALL THE TOOLS AVAILABLE FOR EXERTING PRESSURE ON THE MILLS. AS THE EMBASSY HAS POINTED OUT (REFTEL D), WITHHOLDING IMPORT LICENSES FOR RAW COTTON IS EFFECTIVE ONLY IF MILLS HAVE EXHAUSTED THEIR STOCKS. THE BOFT HAS NOT, TO OUR KNOWLEDGE, ATTEMPTED TO MAKE THE RELEASE OF COTTON HELD IN INVENTORY BY THE BANK OF TAIWAN CONTINGENT UPON THE OPENING OF L/C'S; NOR HAS THE BOFT PROHIBITED ISSUANCE OF TEXTILE EXPORT LICENSES TO MILLS IN DEFAULT ON PAST DUE COTTON CONTRACTS. WE URGE YOU TO MAKE THESE POINTS IN YOUR DISCUSSION WITH Y.T. WANG ON JULY 11.

4. FYI. RUDI SCHEIDT, PRESIDENT OF HOHENBERG BROS. COMPANY, WILL VISIT TAIPEI JULY 25-AUGUST 1 (GRAND HOTEL) ON PRIVATE BUSINESS AND NOT REPEAT NOT IN HIS CAPACITY AS CURRENT PRESIDENT OF ACSA. WHILE SCHEIDT MAY DISCUSS THE ISSUE OF DEFAULTING TAIWAN MILLS, HE HAS EXPRESSLY RULED OUT OFFICIAL REPRESENTATION OF ACSA CONCERNS DURING THIS VISIT. SCHEIDT WILL CONTACT EMBASSY UPON ARRIVAL. INGERSOLL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE162191
Document Source: CORE
Document Unique ID: 00
Drafter: KJWEAVER:ARCK
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750238-0944
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750768/aaaacine.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 TAIPEI 3810
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUL 2003 by ShawDG>; APPROVED <18 NOV 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COTTON CONTRACT PROBLEM
TAGS: ETRD, EPAP, TW, US
To: TAIPEI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006